



## ADMINISTRATIVE SERVICES DEPARTMENT

### MEMORANDUM

**DATE:** July 28, 2014

**TO:** The Oversight Board of the Successor Agency to the Former Temple City Redevelopment Agency

**FROM:** Tracey L. Hause, Administrative Services Director

**SUBJECT: QUITCLAIM DEED TO TRANSFER OWNERSHIP OF A PARKING LOT PARCEL FROM THE FORMER TEMPLE CITY COMMUNITY REDEVELOPMENT AGENCY TO TEMPLE CITY ASSOCIATES**

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#### **RECOMMENDATION:**

It is recommended the Oversight Board of the Successor Agency to the Former Temple City Community Redevelopment Agency (Oversight Board) receive and file this report on the status of the only parcel of property included in the Long Range Property Management Plan (LRPMP) of the Successor Agency to the Former City Temple City Community Redevelopment Agency (Successor Agency).

#### **BACKGROUND:**

1. On October 1, 1975, the Temple City Community Redevelopment Agency (Redevelopment Agency) entered into Option, Maintenance and Management, Covenants (Options Agreement) with the developer and owners (Temple City Associates) of the commercial center located at the south west corner of Las Tunas Drive and Rosemead Boulevard in Temple City (Exhibit "C" of Attachment "A"). One of the owners was Mr. David Miller.
2. On March 15, 2011, the City Council and the Board of Directors of the Redevelopment Agency approved a real property transfer and cooperative agreement between the City of Temple City (City) and the Redevelopment Agency for the transfer of the fee interest in Assessor Parcel Number (APN) 5387-32-926, (Property) located in the parking lot of a commercial center at the southwest corner Las Tunas Drive and Rosemead Boulevard.
3. On June 28, 2011, as part of adopting the State of California Fiscal Year (FY) 2011-12 budget, the Governor signed two trailer bills, Assembly Bill (AB) X1 26

and AB X1 27, into law. The legislation was chaptered into law on June 29, 2011.

4. On January 17, 2012, City adopted a Resolution to become the Successor Agency.
5. Between January 17, 2012, and May 6, 2012, the Oversight Board was established.
6. On June 27, 2012, Assembly Bill 1484 (AB 1484) was signed into law. The intent AB 1484 was to correct inconsistencies in AB X1 26. AB 1484 and AB X1 26 are hereafter referred to as the "Dissolution Acts".
7. On April 26, 2013, the City received notification that the request for a Finding of Completion for the Successor Agency was granted, meaning the Successor Agency had completed a number of tasks laid out in the Dissolution Acts and was granted the ability to take certain statutorily-specified steps to spend bond proceeds and dispose of real property as laid out in AB 1484.
8. On October 7, 2013, the Oversight Board approved LRPMP for the Successor Agency and subsequently, staff submitted the approved LRPMP to the California's Department of Finance (DOF).
9. On March 7, 2014, the City received a copy of a correspondence, dated January 13, 2014, from MB Escrow, Inc. to Mr. Breese, who believes he is the rightful owner of the Property, (Attachment "A").
10. On March 19, 2014, the City received a copy of a correspondence dated March 19, 2014, sent to Mr. Breese from MB Escrow, Inc. pertaining to the Property, (Attachment "B").
11. On May 26, 2014, the City received a copy of the Certificate of Limited Partnership (Attachment "C") transferring ownership of the parcel from Mr. Miller, the owner of the Property at the time the Options Agreement in 1975 was entered into, to Mr. Breese.
12. On May 27, 2014, the City received an e-mail from DOF indicating that the documentation provided by the City was proof that the original deed should have been recorded and to proceed with the recording.
13. On June 19, 2014, the City received a letter from DOF (Attachment "D") indicating the Successor Agency does not own the real property and therefore the LRPMP should not include the Property as an asset.

### **ANALYSIS:**

In March 2011, the Redevelopment Agency transferred to the City a small parcel of property of approximately 23,087 square feet, located in a parking lot in the commercial center of the southwest corner of Las Tunas Drive and Rosemead Boulevard. The City anticipated the Property could be utilized in the future as part of the private redevelopment of the commercial center, which is aging and in need of re-imaging and rebuilding in order to capture the modern shopping and dining patron. The Property had been the only parcel of real property owned by the former Redevelopment Agency.

The City chose to become the Successor Agency in January 2012. One of the responsibilities of the Successor Agency is to oversee the sale of former Redevelopment Agency properties. The City and Successor Agency agreed that pursuant to the Dissolution Acts, the Successor Agency had the right to the Property. However, in order to avoid chain of title problems, the City has continued to hold title to the Property.

One element of AB 1484 is the option for a successor agency, before it disposes of former Redevelopment Agency properties, to create a LRPMP documenting how it will dispose of the properties in the LRPMP, which must be approved by the Oversight Board and the DOF. In accordance with AB 1484, the Successor Agency developed and submitted an approved LRPMP to DOF.

The City received a copy of the correspondence to Mr. Breese from MB Escrow on March 19, 2014, which included a copy of a Quitclaim Deed and Declaration of Lot Combination Agreement drafted in 2001 and forwarded Redevelopment Agency for signature and recordation. According to MB Escrow, these documents were never signed by the appropriate Redevelopment Agency official. Staff looked for the referenced documents and found the unsigned and unrecorded documents quitclaiming the parcel over to David D. Miller but could not readily determine a reason why they had not been executed. Staff, after its due diligence, has concluded it most likely was an oversight in 2001, as the required compensation for the property was received as outlined in the correspondence to Mr. Breese from MB Escrow dated January 13, 2014. Mr. Breese has provided documentation in the form of a Certificate of Limited Partnership dated in 1977, proving that he is now the rightful owner as Mr. Miller transferred ownership to Mr. Breese. No one at the time of the transaction between Mr. Miller and Mr. Breese knew that the Quitclaim Deed and Declaration of Lot Combination Agreement drafted in 2001 was never signed by a Redevelopment Agency official and subsequently recorded. Staff then contacted DOF, providing an explanation and outlining the claim by Mr. Breese that the property should have been transferred in 2001. After numerous e-mail correspondences, it was determined also by DOF, that the property indeed should have been transferred in 2001, and DOF directed the City to

proceed with the recording of the quitclaim deed transferring ownership. The letter dated June 19, 2014, (Attachment "D") from DOF confirms that the Redevelopment Agency should not have any ownership in real property.

**CONCLUSION:**

Based upon the research of the documents provided by Mr. Breese, and as a result of direction from DOF on this matter, it had been determined that there was an oversight in 2001 and a quitclaim deed for the Property should have been executed and recorded. Staff is now in the process of having a new quitclaim for the Property prepared, executed and recorded. Given that this was the only parcel listed on the LRPMP, completing the corrected transfer documents will eliminate the need for the LRPMP entirely, which brings the Successor Agency another step closer to dissolution in the process of winding down.

**FISCAL IMPACT:**

There is no direct fiscal impact to this action. As set forth in the LRPMP, the Property in question has little market value and rightfully should have been transferred to Mr. Miller in 2001. Further, all compensation to the Redevelopment Agency related to this transfer was satisfied in 2001.

**ATTACHMENTS:**

- A. Memorandum Dated January 13, 2013 from MB Escrow, Inc.
- B. Memorandum Dated March 19, 2014 from MB Escrow, Inc.
- C. Certificate of Limited Partnership
- D. Letter dated June 19, 2014, from California's Department of Finance